



TITLE:

<Book Reviews>Rob Cramb and John F. McCarthy, eds. The Oil Palm Complex: Smallholders, Agribusiness and the State in Indonesia and Malaysia. Singapore: NUS Press, 2016, xvi+470pp.

AUTHOR(S):

Terauchi, Daisuke

---

CITATION:

Terauchi, Daisuke. <Book Reviews>Rob Cramb and John F. McCarthy, eds. The Oil Palm Complex: Smallholders, Agribusiness and the State in Indonesia and Malaysia. Singapore: NUS Press, 2016, xvi+470pp.. Southeast Asian Studies 2017, 6(2): 393-397

ISSUE DATE:

2017-08

URL:

<http://hdl.handle.net/2433/226958>

RIGHT:

© Center for Southeast Asian Studies, Kyoto University

managers, too, have cynically claimed that replacing reforestation areas and watershed forests with rubber trees should be viewed as merely replacing one type of carbon with another. Indeed, McElwee claims that there is “some evidence that the ontological uncertainties about what constitutes a forest or a tree that have arisen in the context of discussions about REDD+ may be contributing to forest conversion and deforestation . . .” (p. 199). The question of what counts as a forest is one that runs throughout McElwee’s book.

McElwee asks in her Conclusion, “is environmental rule a deliberate pretext to hide social goals under environmental practices, or is it more diffuse and less directed?” (pp. 213–214). While she views her project as one of unmasking the real social intent behind practices aimed at protecting nature, the book particularly succeeds in drawing attention to the unwanted social consequences of such projects. It helps us to understand better the effects of environmental rule and to plan more properly such interventions. Even though the author speculates that environmental rule is weakening in Vietnam, her book demonstrates that almost any human intervention into non-human nature will create winners and losers in society.

Given McElwee’s experience advising on forest policy, she could have done more to sketch out what successful interventions might look like. She could have also written more about the agency of actual trees as, surprisingly, readers are mostly shown only the forests and not individual species. But now I am asking for an act of alchemy—the gold that McElwee provides is more than enough.

Michitake Aso 麻生道武

*University at Albany, State University of New York*

***The Oil Palm Complex: Smallholders, Agribusiness and the State in Indonesia and Malaysia***

ROB CRAMB and JOHN F. MCCARTHY, eds.

Singapore: NUS Press, 2016, xvi+470pp.

*The Oil Palm Complex: Smallholders, Agribusiness and the State in Indonesia and Malaysia* consists of 14 chapters written by 16 contributors. Each chapter has its own topic and independent conclusion, especially Chapters 3 to 13. And the final chapter (Chapter 14) provides a conclusion based on the key findings of each chapter. Therefore, I will summarize each chapter and then discuss Chapter 14.

Chapters 1 and 2 provide a framework for the following chapters, including a systematic overview of the ways in which land, labor, and capital have been mobilized and combined in different modes of production. In Chapter 1 Rob Cramb and John F. McCarthy explain the aim of the

book: understanding the oil palm industry in Indonesia and Malaysia as a complex whole from the perspective of political economy. To provide the context for the following chapters, the authors clarify the economic differences between Indonesia and Malaysia; the different political backgrounds and characteristics of Indonesia, Peninsular Malaysia, and Malaysia's Borneo states (Sabah and Sarawak); and the regionalization that means a fusion of the Indonesian and Malaysian oil palm industries and formation of the Roundtable on Sustainable Palm Oil (RSPO) on a global scale. In Chapter 2 Cramb and McCarthy explain the agro-economic features of oil palm production. They examine the mobilization of land, labor, and capital within and across the oil palm industries in Indonesia and Malaysia, and their incorporation in different modes of production; as well as estates, managed smallholder schemes, nucleus estate and smallholder (NES) schemes, joint venture schemes, assisted smallholders, and independent smallholders. The authors clarify two contradictory trajectories in production modes. On the one hand is "capitalist convergence," which means the expansion of the estate mode and pursuit of the joint venture scheme; on the other hand is the surge of independent smallholders.

Chapters 3, 4, 5, 6, and 7 explore the different modes of oil palm production in practice and the circumstances that give rise to different livelihood outcomes, both within and between given modes. In Chapter 3 Zahari Zen, Colin Barlow, Ria Gondowarsito, and John F. McCarthy reveal the NES schemes that were implemented mainly during the Suharto period and contribute moderately to rural socioeconomic improvement. In addition, the authors explain new phenomena from the post-Suharto period, namely, increasing individual smallholders, new private companies' initiatives for local contributions such as a community oil palm area, and the partnership model (joint venture scheme in Chapter 2). The authors maintain that the role of the state remains critical in socioeconomic improvement. The challenge remains making initiatives even more effective. In Chapter 4 John F. McCarthy and Zahari Zen analyze the processes of inclusion/exclusion or adverse incorporation regarding the oil palm boom in Jambi, Sumatra. NES scheme projects help to create agrarian differentiation in which rural elites and entrepreneurs accumulate economic and social power (inclusion process). Successful transmigrants, in-migrants, and village and district elites bought local private/common lands. Some local farmers who lost their lands/livelihoods became wage laborers (exclusion process); others who established oil palm fields by themselves were suffering from low productivity because they did not have the techniques and capital for buying high-yielding seedlings and agrochemical inputs (adverse incorporation). In Chapter 5 Lesley M. Potter searches for alternative smallholder pathways in Indonesian oil palm production and for methods and techniques that are "smallholder-friendly." Based on case studies in Costa Rica, Cameroon, and Ecuador, the author considers three alternative pathways: (1) mixed cultivation of oil palm and other crops, (2) increased numbers of small competing mills that would supply inputs and extension services or be specifically designed to serve local markets, and (3) a widening of the roles of Indonesian cooperatives to engage in alternative economic activities. In Chapter 6 Rob

Cramb argues that the dominant mode of oil palm expansion in Sarawak has been driven not primarily by technical or market imperatives but by the exercise of state power to maximize opportunities for surplus extraction and political patronage. Sarawak state promoted the joint venture scheme to deliver extensive state and customary land to private estates and to import low-wage Indonesian labor by using the policy narrative, bringing the “native” into the modern sector or mainstream of development. In Chapter 7 Rob Cramb and Patrick S. Sujang focus on the recent emergence of oil palm smallholders in northern Sarawak. The authors find that smallholders achieve good returns with their limited resources of labor and capital while maintaining a degree of livelihood diversity. Different from the findings of Chapter 4 in the case of Jambi, Indonesia, the rapid growth of oil palm smallholders has not been associated with marked differentiation between rural households in northern Sarawak.

Chapters 8, 9, and 10 explore the nature of the conflicts arising from contested approaches to oil palm development. In Chapter 8 the authors mention that NGO advocacy often results in unintended consequences, including intensified conflicts among oil palm stakeholders. Contrary to what is widely assumed, the environmental impact is rather a less common issue in such disputes. As oil palm is more profitable for local smallholders, the main causes of conflict are merely economic ones, namely, unwanted land conversion in West Kalimantan. Also, the authors refute the traditional view that companies are the only ones to blame for exploiting other stakeholders. As such, the authors state that the contemporary NGO mission is not to advocate against the crop itself but to ensure the fair distribution of wealth in the production chain of oil palms. In Chapter 9 the author focuses on four key local stakeholders in an Indonesian oil palm plantation: the company, government, cooperative, and community. Through a stakeholder map analysis and a discussion of their diverse quotes, the author reveals the diversity, complexity, and power imbalances within a plantation. The prevailing participatory process used by the companies reinforces the existing power imbalance because it fails to take into account the implicit power relations. Participation per se is no longer a panacea. Because power relations are intimately connected to how stakeholders communicate, participation must encompass an awareness of the power relations and of smallholder agency. Chapter 10 studies the ways in which resistance against oil palm plantations has varied, using two case studies in Landak District (PIR-Bun V Ngabang) and Seruyan District (the Lake Sembuluh Subdistrict). Comparing the covert and individual actions in Ngabang with the overt and organized ones in Sembuluh, it not only demonstrates their variations in contexts and strategies but also reveals that both have the common intention to gain greater access to the benefits that the paradigm of a large-scale capitalist enterprise system can offer.

Chapters 11 and 12 focus on plantation labor. Chapter 11 studies the impact of oil palm plantations on the labor regime in Indonesia. Although some legitimate the allocation of large parts of land to oil palm plantations due to its effect of creating employment and reducing poverty, the author demonstrates that this argument does not consider “Indonesia’s oil palm labor regime”

through the dual strategy of enclosing land to dispossess local people and importing labor from other regions by the transmigration system. Chapter 12 focuses on the situation of Indonesian migrant workers on oil palm plantations in Malaysia. Due to the economic gap between Malaysia and Indonesia, Malaysian oil palm plantations invite migrant workers from Indonesia to undertake work that locals are not willing to do, the so-called 3D: dirty, dangerous, and demeaning. Based on interviews with workers in Sarawak, this chapter depicts the factors that drove them to migration, how they are experiencing it, and what sort of household livelihood strategies they are constructing.

In Chapter 13 Oliver Pye examines the oil palm complex at the transnational level by focusing on the RSPO, a global multi-stakeholder organization made up of oil palm growers, NGOs, manufacturing and retail companies, and so on that develops a certification system to realize sustainable palm oil production. However, the author shows that even certified oil palm companies can be engaged in environmentally and socially unsustainable production methods. The author explains that this contradiction is caused by the voluntary system of RSPO and collaboration between Malaysian political bodies and leading oil palm companies to prioritize economic profits in RSPO.

In Chapter 14 McCarthy and Cramb explain the way of understanding the oil palm industry in Indonesia and Malaysia as a complex whole (Indonesia-Malaysia oil palm complex) based on the key findings of each chapter. First, the authors recognize the oil palm complex as being constituted of interrelationships among agribusiness firms and agents, national and local governments, rural households and communities, and local and transnational civil society actors. Then, the oil palm complex is formed and reformed based on shifts of interests and capabilities on the part of constituent actors, being influenced by both internal and external changes (e.g., the shift to market-led forms of development and the 1998 financial crisis). Various oil palm plantation development schemes in Indonesia and Malaysia have been formed and changed in this process. This formation or reformation of the oil palm complex is determined by political settlements emerging from compromises between powerful groups, mainly companies and governments, that set the context for institutional and other policies. Subsequently, development schemes formalized by political settlements are implemented at the local level. The working of social relations within a scheme, village, or plantation context—such as negotiations between plantation representatives, village leaders, and farmers over land allocation (amount of land taken over by a company, returned to farmers as productive oil palm, and left available for food crops) and availability and conditions of employment on the plantation—shapes the degree to which farmers and plantation workers access the stream of benefits derived from oil palm production. Based on this way of understanding, the authors discuss three recent trajectories of the oil palm complex: (1) convergence on the plantation mode, (2) smallholder resurgence, and (3) a trend toward private regulation, such as the RSPO.

Here I would like to discuss the achievements of this book and the next issues to be dealt with. The book provides a way of understanding the oil palm industry in Indonesia and Malaysia

as a complex whole. This way of understanding can answer the following long-debated questions: Why are companies' oil palm plantations still expanding in forested areas? Why are there still land conflicts between local people and companies? Why are plantation workers still working under poor conditions? This book provides a new answer, namely, structural, political, and economic co-dependencies and mutualities of companies and governments between Indonesia and Malaysia. Malaysian companies provide financial capital and technology through joint ventures with Indonesian companies, while those Malaysian companies can get access to land and labor at a low cost with lax regulation, with help from Indonesian politicians and officials. In addition, although previous research has focused on the social-economic impacts of oil palm development for smallholders, this book discusses and provides a way of understanding why social-economic impacts for smallholders and smallholders' reactions to the oil palm boom are so different within and between communities. This book emphasizes that the success of smallholders depends on (1) the way in which local contextual factors, scheme designs (e.g., NES and joint-venture schemes), and structural factors intersect; (2) the interests, agency, and resistance of smallholders and local communities; and (3) mediating institutional processes that can influence smallholders' access to resources (e.g., technology, inputs, finance, market, land, and benefits). In addition, this book explains the issues with the RSPO's approach from the viewpoint of the Indonesia-Malaysia oil palm complex.

Although the idea of an Indonesia-Malaysia oil palm complex is based on the key findings of each chapter, including case studies at specific locales, it seems that the case studies are still limited, particularly in the provinces of Jambi and West Kalimantan in Indonesia and the state of Sarawak in Malaysia. Considering that there are diverse political, economic/industrial, social, and cultural situations in Indonesia and Malaysia, it is necessary to accumulate case studies to find diverse patterns of oil palm complex at the local level and elaborate the understanding of the oil palm complex. In addition, although this book provides original insights into oil palm issues, it unfortunately does not make any original policy recommendation based on its understanding of the Indonesia-Malaysia oil palm complex. It is also a shame that some of the literature cited in several chapters is not in the respective reference lists.

Terauchi Daisuke 寺内大左  
Faculty of Sociology, Toyo University

***From World City to the World in One City: Liverpool through Malay Lives***

TIM BUNNELL

Chichester and Malden: John Wiley & Sons, 2016, xvii+284pp.

One day in September 2005, this reviewer was enjoying “authentic Malaysian cuisine that is 100%